

T-1269

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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COUNTRY Austria/USSR

REPORT

SUBJECT USIA Trade

DATE DISTR. 20 August 1954

NO. OF PAGES 15

DATE OF INFO.

REQUIREMENT NO. RD

PLACE ACQUIRED

REFERENCES

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REPORT

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COUNTRY Austria/USSR/Satellites

DATE DISTR. 7 July 1954

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1. All USIA trade with the USSR, the Satellite countries, and East Germany was organized and controlled by the USIA agency known as Central Commercial Bureau (TsKK). In mid-1953, in addition, a project was initiated according to which USIA, through its TsKK, was to become active in the trade of the internal Austrian markets and the West.
2. The TsKK was located at 10 Stalinplatz, Vienna IV. The Conjunction Bureau of USIA, the Soviet Foreign State Insurance Company (InGos-Strakh) and the administrative offices of one of USIA's glass factories were located in the same building. The general director of TsKK was Aleksandr Nikolayevich DADERKIN. (The actual name of this man was Aleksandr Nikonovich DODYRKIN, [redacted] no idea why he changed it; perhaps because his real name does not sound so well in Russian.) He went to Moscow on TDY in September 1953 [redacted] His deputy, Sergey Petrovich AVDEYEV, remained in charge of TsKK. OSIPOV was the head of TsKK prior to mid-1951, when DADERKIN took over. DADERKIN was a member of the Soviet Purchasing Commission in the United States during World War II.
3. TsKK was organized sometime in 1947. [redacted] prior to that time foreign trade was the responsibility of the commercial bureaus of the individual A/O's.¹ After undergoing several reorganizations since 1947, the organization of TsKK, in February 1954, was as follows:
 - a. There were six Foreign Trade Groups (Satellite countries) directly under the deputy of TsKK, AVDEYEV -- East Germany, Czechoslovakia, Rumania, Poland, Hungary, and Bulgaria. Nominally, there were two more Foreign Trade Groups under AVDEYEV, China and Finland. However, no trade agreement had been concluded with China during the entire existence of USIA and there was [redacted] only one attempt to conclude a trade agreement with Finland, in 1953. Some samples of Finnish goods were shipped to USIA for this purpose and in

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return some of USIA's exhibition washing machines were sent by sea to Finland. The ship ran into a storm and the washing machines were damaged. Finland requested new machines but they were never shipped and so the whole arrangement died before being born. Theoretically, on paper, the chief of the Bulgarian Trade Group of TsKK was in charge of trade with Finland and China.

- b. Directly under the TsKK chief were: The USSR trade group and finance, legal, transport, personnel, accounting, war booty disposal and the so-called "Shornikov" sections. See Annex A

4. The trade agreements between TsKK and Satellite countries were always concluded on a barter basis and were normally valid for one calendar year, from 1 January to 31 December. For the purpose of drawing up the trade agreements, the TsKK officials usually went to the country of the party involved with a draft agreement drawn up by the legal section of TsKK. The drafts prepared by the legal section were of a standard type, specifying the valid period of agreement, the amount of trade involved expressed in US dollars, handling of minor complaints, arbitration procedure in case of disagreements, manner and method of payments, as well as the authorized indebtedness of the contracting parties during the period of the validity of the agreement. Since the trade agreements were always concluded on a barter basis, special attention was given that there should be no over-indebtedness of either one of the contracting parties in the course of fulfilling the agreement. The normal amount allowed for indebtedness depended mainly upon the monetary value of the agreement and usually fluctuated somewhere between US \$150,000 and \$300,000. If the indebtedness of one party exceeded the authorized amount at any time during the period of agreement, the other party would stop further shipments until the debt was reduced to the authorized amount by further shipment of goods. Concluded TsKK-Satellite trade agreements were subject to approval by GUSIMZ. Only four TsKK officials were authorized to leave Austria and travel to foreign countries: TsKK chief, DADERKIN; his deputy, AVDEYEV; head of the Polish Trade Group, LITVINOV; and YUDANOV, who was on a temporary basis without any T/O position with TsKK and who worked closely with DADERKIN. The authorization for Soviet citizens to travel to foreign countries was at the discretion of the USSR Council of Ministers. Several attempts of TsKK to grant such authorization to other TsKK employees [redacted] were turned down by the Council of Ministers in Moscow. The prepared drafts of barter agreements were usually taken by one of the above-mentioned TsKK officials to the respective country, and discussed on the spot; if there were any acceptable objections the necessary amendments were made in the draft, the agreements were concluded, and the signatures of both parties were affixed. A TsKK official dispatched to a foreign country for the purpose of concluding a trade agreement always carried the TsKK Power of Attorney signed by the TsKK chief or his deputy. Sometimes Satellite representatives came to Vienna to conclude trade agreements. In each Satellite country there was only one agency (sometimes it was the Ministry of Foreign Trade, sometimes another state agency, often disguised under the title of a joint stock corporation) authorized to conclude foreign trade agreements. So TsKK dealt in every Satellite country with only one agency which represented the entire export production of that country. No import duty was ever paid to the Austrian government on goods imported to Austria by TsKK.
5. Detailed organization of the foreign trade groups of Satellite countries was as follows:

- a. East German Group: The head of this group was Igor' Sergeyevich GROMOV, officially on duty with the Czechoslovak group. GROMOV

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was a 1951 graduate of the Institute of Foreign Trade in Moscow and was with USIG in Berlin from August 1951 to the end of 1952. There were no other Soviet officials with this group. An Austrian trade expert by the name of VANEK (he lived in the USSR from 1930 to about 1938) and an Austrian typist worked with this group. The trade agreements with East Germany were always concluded through the "Deutsche Warenvertriebsgesellschaft - DWV" in Berlin which, in turn, was associated with USIG (the Directorate of Soviet Property in Germany). Two lists of barter goods were prepared and appended to TsKK-DWV barter agreements -- one for USIG products and the other for independent German firms. USIA's barter products sent to East Germany were: oil, chemical raw materials, and other products. The DWV products shipped to TsKK were: motor vehicles, motorcycles (both mainly of the trade mark BMW, recently renamed EMW), bicycles, cameras, photographic film, movie technicolor film, hunting guns, knitted underwear (stockinet), porcelain, china, several types of semifinished iron blocks used as raw material for the manufacture of iron sheets, wire, etc., and various chemicals and dyes. It was very difficult to conduct trade with East Germany because of the close similarity of industrial pattern and potential of Austria and Germany. Both countries produced the same goods and there was not much need for exchange. When bartering with East Germany, TsKK preferred to receive goods from independent East German firms rather than from USIG-controlled firms because of the better quality of goods of the former and easier legal proceedings in case of disagreement. This became very apparent after a case in 1952 when one of USIG's firms delivered some defective metal blocks for wire production to TsKK and TsKK lost about US \$250,000 on the deal. After the abolition of USIG, it was expected that the trade between TsKK and East German firms would not only increase, but could be conducted in an easier and more organized way. Very often USIG, as a USSR state agency, blocked TsKK-DWV transactions. On many occasions it happened that contracts concluded on behalf of TsKK by DWV with some large East German firms subordinate to USIG could not be fulfilled in time because of USIG's interference. Being dependent on Moscow, USIG gave priority to orders and directives received from Moscow, sometimes with complete disregard for DWV interests. The legal form for trade agreements of TsKK-DWV was slightly different from the standard TsKK form in so far as it contained only the most important items such as: names of the contracting parties, amount of reciprocal deliveries in US dollars, period of validity of agreement, and name of the arbitration agency in case of disagreement. All other details for each product appearing in the transaction were agreed upon and stated on special order forms of TsKK called "Standard Order Form" (Tipovoy zakaz) which were very similar to an invoice form. The completed order forms were forwarded by mail. In other words, the basic trade agreement between TsKK and DWV contained very brief basic information on transactions agreed upon for the coming year. On the basis of this annual trade agreement a number of orders (zakazy) were drawn up, each for one specific product. Moreover, if the amounts were large, one product could be split quantitatively and time-wise on several orders, that is, periodic deliveries of the particular product. This was usually done when there were difficulties in storing large quantities of the product by the purchaser or when there was a need to insure constant production in plants processing the goods delivered by the seller, or for any other production or disposal reason. This way of splitting trade agreements by having one basic agreement and special orders is a normal German practice and DWV was very insistent on following it. Physically, practically all trade agreements between TsKK and DWV were concluded either by

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DADERKIN or the head of USIA's Commercial Section, LESNOV, who traveled to Berlin for this purpose. Whenever either of these officials went to Berlin, he was accompanied by VANEK [redacted]. VANEK left for Berlin in January 1954 and LESNOV and LITVINOV (head of the Polish Group of TsKK), were supposed to leave sometime in February to conclude the 1954 TsKK-DWV trade agreement.

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- b. Hungarian Group: The head of this group was Aleksandr POLUNIN who officially held the position of chief of TsKK Clearing Section. In mid-1952, in order to coordinate the TsKK transactions within the framework of the Austrian clearing system, a Clearing Section was organized with TsKK. Aleksandr POLUNIN, a recent graduate of the Foreign Trade Academy in Moscow, was appointed head of this section. The Clearing Section was in existence for about one year and then, since it proved impractical (no actual reason known), it was abolished. However, the position of head of the Clearing Section had already been approved by the USSR Council of Ministers State T/O Commission and since it had taken quite an effort on the part of USIA to get it approved, no request to abolish this position was made by USIA. On the one hand, USIA wanted to have one more high official on its T/O in order to use him for staff work; on the other hand, this was probably also the personal desire of POLUNIN who was an influential Party member. In any case, he remained with TsKK and in mid-1953, when YUDANOV, at that time head of several foreign trade groups of TsKK, went on home leave to the USSR, POLUNIN took over his job temporarily. After the return of YUDANOV at the end of 1953, POLUNIN refused to give up his temporary job and vacate YUDANOV's position. Again, by using his Party influence, POLUNIN succeeded in keeping the job and YUDANOV was attached to the TsKK staff without any specific position. Theoretically, in addition to the Hungarian Foreign Trade Group, POLUNIN was also in charge of the Rumanian, Bulgarian, Finnish, and Chinese Foreign Trade Groups, but practically, he directed only the Hungarian Group. POLUNIN's assistants in the Hungarian Foreign Trade Group were two Austrian trade experts [redacted] and two Austrian stenographers (also used by the Bulgarian and Rumanian Foreign Trade Groups). Trade agreements with Hungary were always concluded through a Hungarian state foreign trade agency located in Budapest. [redacted]

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In January 1954 a trade agreement between TsKK and Hungary was concluded by AVDEYEV who traveled to Budapest for this purpose. USIA's barter exports to Hungary consisted mainly of various types of machinery. In return the following goods were received: wine (mainly Tokay and Csengebor), apricot brandy, alcohol, cigarettes, fresh fruit, footwear, leather goods (mainly leather garments and gloves), raw hides, canned food (meats, vegetables and fruit), jams, preserves, confectionary goods, sugar, sugar beets, eggs, butter, cheese, fowl, frozen meat, Hungarian salami, and matches. The Hungarian trade was the largest of TsKK trade with the Satellites and, within the TsKK framework, was second only to TsKK-USSR trade. It is of interest to note that the business relationship between TsKK and Hungary was always most correct and even friendly, which was not always the case with other Satellite countries such as Bulgaria and especially Rumania. TsKK usually realized large profits on imported Hungarian goods such as: cigarettes, 100%; matches, 200%; wine, 25% (large turn-over); fresh fruit, 15% (very large turn-over). In addition to these large profits of TsKK, similar profits were made by individual ORTs selling these imports to retailers. Trade agreements with Hungary were normally concluded by AVDEYEV or YUDANOV who traveled to Budapest for this purpose. [redacted] not know the exact figures on TsKK-Hungarian trade during the last few years but [redacted] it constantly increased from year to year.

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c. Rumanian Group: The head of this group was Vladimir KIRIYENKOV, a 1950 graduate of the Foreign Trade Institute in Moscow. He had been on duty with TsKK since mid-1953 and prior to that time was active in the Supply and Sales Section of A/O Vkus (eventually abolished). The nominal head of the group was POLUNIN. An Austrian trade expert by the name of KARRIERY or KARRIERI was on duty with this group. Trade agreements with Rumania were always concluded through the Rumanian state trade agency "TerImpEx" in Bucharest. The 1954 trade agreement between TsKK and Rumania was concluded in Vienna. The Rumanian trade representative in Austria (TorgPred), ANGEL, was appointed as representative for this purpose; USIA's delegate was AVDEYEV. As a matter of fact, the Rumanian government had sent a trade mission to Austria for this purpose whose head was Mrs. VULICH, Chief of the Import Section, Rumanian Foreign Trade Ministry; however, Mrs. VULICH became ill in Vienna and the job of concluding the trade agreement with USIA was entrusted to ANGEL. USIA's barter products exported to Rumania were plants and agricultural machinery, freight cars, chemicals, fertilizer, and annually, three or four self-propelled river barges (manufactured at the USIA wharf in Korneuburg, Vienna). In return USIA received wine, fruit, vegetables, canned food, frozen fowl, leather goods, raw hides, sugar beets, sugar, and eggs (poor quality). The partner relationship with Rumania was very unpleasant and the Rumanian Foreign Trade officials usually did not make any attempt to conceal their opinion that USIA (USSR) - Rumanian trade was actually a legalized plunder of Rumania.

d. Bulgarian Group: The head of this group was Yuriy Matveyevich KRASNOV, formerly with Trans-Mash of USIG in Leipzig. KRASNOV probably joined USIA at the beginning of 1953. His assistant in the Bulgarian Group was an Austrian trade expert.

The trade agreements with Bulgaria were always concluded through the Bulgarian state export-import agency, ProExport, in Sofia. The 1954 TsKK-Bulgarian agreement was concluded in mid-1953 in Vienna by the Bulgarian trade mission which had been sent to Switzerland and stopped in Vienna on their return trip. The head of this mission was the Chief of the Trade Agreements Section of the Bulgarian Foreign Trade Ministry, DASKALOV. The Bulgarian trade representative (TorgPred) in Austria, NIKUSHEV, also participated on the Bulgarian side in the agreement negotiations. AVDEYEV and YUDANOV acted as representatives of USIA. The Bulgarian delegation wanted to conclude a US \$5,000,000 trade agreement and the orders were already placed for this amount with various USIA plants. However, as soon as discussion started about compensation goods, it was established that the Bulgarians did not have enough exports. Because of this, TsKK had to interfere and cancel some of the Bulgarian orders, reducing the total amount of the 1954 trade agreement to US \$3,000,000. TsKK products exported to Bulgaria included plant and agricultural machinery, self-propelled Danube barges, chemicals, fertilizer, and other similar goods. Bulgarian barter goods in return were cigarettes, wine, alcohol, leather goods, raw hides, natural silk, dairy products, frozen meats, early vegetables and fruit, (especially strawberries and grapes -- transported by air), canned meat, some wheat, and confectionary goods. Except for cigarettes, practically all Bulgarian goods were sold for very little profit and sometimes with a loss. This was especially noticeable in 1953 after the devaluation of the Austrian schilling (formerly US \$1.00 = 22.60 (?); later US \$1.00 = 26.00). However, the Bulgarian cigarettes, which were three times cheaper than Austrian cigarettes and of much better quality, always resulted in profits

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sufficient to cover the losses on other Bulgarian goods and bring considerable profit in addition. In order to obtain a better price, the Bulgarian cigarettes were normally resold wholesale by TsKK to some Austrian firms (one of the firms was Findakovich, registered in Switzerland, but operating in Vienna) which put them on the black market in Austria and other countries. Since these cigarettes, as all of USIA's imports into Austria, were imported without duty and it was illegal to sell them in Austria, the Bulgarian cigarettes were imported without any trade mark and packaged in plain paper packs. In 1952 Bulgaria imported quite a number (approximately 40) second-hand locomotives bought through TsKK. These were "war booty" German and Austrian locomotives, overhauled after the war in the Wiener Lokomotivfabrik and some other plants and then sold to the Satellites.

- e. Polish Group: The head of the Polish Group was Aleksandr Semenovich LITVINOV, a 1950 graduate of the Foreign Trade Academy in Moscow. An Austrian woman consultant by the name of KAPUSTINA worked in this group. In addition to his official job, LITVINOV was the secretary of the Communist Party organization of TsKK. Trade agreements with Poland were always concluded through the Polish state foreign trade agency by the name of DAL. The 1954 agreement was not concluded until February 1954 although the Polish trade representative in Austria, HENDLER, went to Warsaw in January 1954 with the drafts of the TsKK-Polish trade agreement. AVDEYEV or LESNOV was supposed to go to Warsaw later in 1954 to sign the agreement. The difficulty in concluding the 1954 agreement was the indebtedness of the Poles, who owed TsKK approximately 12,000,000 schillings from 1953. The main TsKK products exported to Poland were oil and oil products, plant and agricultural machinery, freight cars, and electrical appliances. Polish barter goods included coal and foodstuffs. It is of interest to note that TsKK-Polish trade was constantly decreasing from year to year. [redacted] attributes this fact mostly to the incompetence and inefficiency of LITVINOV and his inability to find new goods suitable for export-import trade with Poland.

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- f. Czechoslovak Group: The head of the Czechoslovak Group was Aleksandr Mikhaylovich GENERALOV, a 1952 graduate of the Foreign Trade Academy who had a good command of German. GENERALOV arrived at TsKK at the beginning of 1953, directly from Moscow. A trade expert, a nationalized Austrian of Czechoslovak descent by the name of PEREPELITSA, was on duty with this group. At the beginning of 1954, the 1954 TsKK-Czechoslovak trade agreement was concluded in Vienna. The amount was approximately US \$1,000,000, exports and imports included. The TsKK representatives were AVDEYEV and LITVINOV. The TsKK-Czechoslovak trade agreements were always concluded through a Czechoslovak state agency in Prague. The difficulty in drafting TsKK-Czechoslovak agreements was caused by the similarity of industrial patterns of these two countries and the limited number of goods available for barter. Another cause was the TsKK indebtedness to Czechoslovakia of approximately 15,000,000 schillings which dated back several years, when some USIA products (perhaps consisting of some machinery) destined for Czechoslovakia had, on orders from Moscow, been shipped to the USSR. Although USIA had tried very hard to pay the debt, there were no goods available which would satisfy the Czechoslovak import plan, simply because of the above-mentioned similarity of Austrian and Czechoslovak industrial and economic patterns. TsKK imports from Czechoslovakia consisted mainly of footwear (Bata, at present Svit Factory in Zlin), woolens, colored crystal glassware, pencils, cement, aluminum, some Skoda and Tatra plan vehicles, and Java motorcycles. TsKK barter goods for Czechoslovakia were mainly oil and POL products.

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6. In trading with Eastern Germany and the Satellite countries, TsKK always valued USIA barter goods by an increase of 11.5% over production costs. The amount of money made in this way was used for the upkeep of the administrative setup of USIA and GUSIMZ.
7. USSR Trading Group: The head of this group was Aleksandr Nikitich ARTAMONOV, probably a 1951 graduate of the Foreign Trade Academy in Moscow. ARTAMONOV was an armament engineer by profession and had been in his present position since April or May 1953. Prior to that time ARTAMONOV was Deputy Chief of USIA's Retail Sales Section (ORT). Working with this group was a female senior trade expert, Irina Nikolayevna RUDENKO. RUDENKO came from Moscow in the second part of 1953 and her husband was with the staff of the Soviet Foreign Trade Mission in Vienna. In February 1954 another employee of USIA by the name of Lev BELYAKOV, until that time with the Commercial Section of A/O Kabel', was supposed to join ARTAMONOV's group. BELYAKOV was a 1952 graduate of the Foreign Trade Institute. As a rule, no Austrian nationals were appointed to this group. All correspondence of this section dealing with TsKK-USSR trade transactions was classified confidential or secret. The volume of TsKK-USSR trade transactions was very large and normally represented 60 - 70% of the entire TsKK trade. Separate contracts were drawn for each kind of product sold by TsKK. Normally this was done in Moscow where, on the USSR side, there was a plenipotentiary of the appropriate group of Foreign Trade All-Union Associations (Vsesoyuznoye ob'yedineniye), such as Eksportkhleb, SoyuzNefteImport, PromSyr'yeImport, TransMashImport, SoyuzProdExport. (The latter was concerned with the export of light industrial products and consumers' goods, except bread and vodka, which were taken care of by Khleb).

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On the TsKK part, contracts were usually concluded by the head or deputy of the Second Directorate (Upravleniye) of GUSIMZ in Moscow. Contracts were always drawn in rubles and the barter system was never used. TsKK-USSR contracts always contained a provision for one-sided sanctions for delayed deliveries by TsKK. The fine was usually 0.05% of the value of the delayed goods per 24 hours. The sanctions were applicable and the fine imposed upon TsKK even in those cases where the USSR was responsible for the delay by tardy delivery of the raw materials for manufacture of the goods destined for the USSR. As an interesting detail it should be mentioned that the prices for USIA's goods exported to the USSR were determined by GUSIMZ and not by the seller, i.e., TsKK. TsKK sent the USSR oil, oil products, machinery (refrigerators and packaging machines), dyes (krasiteli), paper, pre-fabricated wooden houses, window glass, and electronic equipment and devices. In 1954 an order for 47,000,000 rubles was placed with USIA for dyes. The raw material for manufacture of these dyes was supposed to be delivered from East Germany. Money in rubles earned by TsKK in trade with the Soviet Union was mainly used by TsKK for the acquisition of raw materials, in the USSR, for USIA enterprises, also of oil drilling and oil refinery equipment, equipment for oil geological exploration, ball bearings, cellulose, nonferrous metals, steel, motor vehicles for the Soviet Oil Directorate in Austria, wine, vodka, confectionary goods, perfumes, cigarettes and photo cameras. It should be noted that all net profits of USIA were used by the USSR Ministry of Foreign Trade through the USSR Finance Ministry for the acquisition of goods for the Soviet Union or for USSR exports from USIA's enterprises (mainly oil and oil products, machinery, lumber, and dyes). USIA was not authorized to transfer its net profits in Austrian schillings into rubles. However, since the time when the Soviet Union had relinquished its right to collect occupation costs from the Austrian government (sometime in mid-1953), there were rumors in USIA that USIA's net profits in Austrian schillings were being used to cover the occupation costs, mainly for the salaries of Soviet military personnel in Austria, who

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received part of their pay in Austrian schillings. Additional Austrian schillings, for the same purpose, were allegedly obtained through the USSR Trade Mission (TorgPred) in Vienna for deliveries made to the Austrian government from the USSR. Since the prices of USIA's export goods to the USSR and USSR's exports to USIA were arbitrarily determined by GUSIMZ, USIA very often had difficulties with the subordinate enterprises in getting orders filled. In other words, it often happened that the prices determined by GUSIMZ were below the production costs and the enterprises had to suffer losses on orders from the USSR. On the other hand, although this occurred quite infrequently, some of the GUSIMZ prices were much above the normal market prices. It was felt that there was no established pricing system in GUSIMZ and that the pricing was done without any study of existing costs and prices. [redacted] at the end of 1952 GUSIMZ sold USIA a shipment of raw cellulose for one of its enterprises. The price of this raw material was 50% above the Austrian market price and the enterprise suffered 800,000 schillings loss. Such and similar cases, were quite normal occurrences in USIA-USSR trade and TsKK had to use its inventiveness to cover losses by some additional transactions with other parties. Very often, too, goods contracted for in the USSR were received with great delay which caused stoppages in production and other financial difficulties for TsKK. On the positive side, the quality of Soviet goods sent to Austria was always high and, except for the high prices which the firms sometimes had to pay for the goods, there were no complaints. Soviet "export goods" were always shipped, most probably for propaganda reasons.

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8. Financial Section: This section was not yet organized in February 1954 although its T/O had been approved by the Foreign Trade Ministry. The section chief had not yet been appointed. [redacted]

[redacted] this section was incorporated into TsKK with the function of acting on the procurement of financial means for TsKK and its four trade firms; 3. of supervising the fulfillment of production plans of these firms; controlling capital investments at TsKK and subordinate firms (according to a directive from Moscow, every amount over 800 schillings spent on the acquisition of office supplies, furniture, inventory, or repair and maintenance at any USIA enterprise was considered a "capital investment" Капиталовложения); preparing periodic financial reports, charts, statements, etc. There were some rumors that since TsKK had no Planning Section, the functions of a Planning Section would be entrusted to the newly organized Financial Section. The T/O of the Financial Section called for a section chief and one finance expert. It was expected that the latter position would be offered to Mrs. POGODINA, at that time an economist with the TsKK Accounting Office.

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9. Legal Section: [redacted]
Working with [redacted] was an Austrian lawyer, Dr. Alfred FRISCH, a member of the Austrian Communist Party who was recommended for this position by the Central Committee, Communist Party, Austria. Another Austrian national, Mrs. ROTTER, acted as the secretary of the Legal Section. This section was responsible for:

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- a. Court and arbitration procedures. In cases of disagreement of TsKK or one of the subordinate enterprises with an Austrian firm, TsKK was represented by Dr. FRISCH; court procedures and arbitration in case of disagreement with Soviet firms were handled personally [redacted]
- b. Realization of court decision in favor of TsKK -- collection of adjudged means, property, and fines.

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- c. Collection of debts on behalf of TsKK without court intervention.
 - d. Preparation of trade agreements with East Germany and Satellite countries and visaing of contracts for TsKK firms trading with Austrian firms.
 - e. Legal advice and consultations given to TsKK's firms, directors, and the head of TsKK and his deputy. The same applied to the Personnel Section of TsKK with regard to Austrian labor legislation and personnel problems.
 - f. Participation in solving employment and wage problems encountered either by TsKK enterprises or individuals employed by them.
 - g. Supervision of preparation of detailed reports concerning the course of every negotiation of TsKK representatives with foreigners. According to one classified instruction of the Ministry of Foreign Trade, valid since 1948 (amended in 1950), negotiations with foreign representatives never were to be conducted by one Soviet representative alone. There always should be two at least. Twenty-four hours after the conclusion of negotiations a detailed report containing the exact course of the negotiation and all statements made by both parties had to be drawn up and submitted in five copies through the First (Secret) Section of USIA, as follows:
 - (1) Deputy Head, Chief Directorate, Soviet Property Abroad (GUSIMZ) in Charge of Austrian Affairs.
 - (2) Plenipotentiary of the Soviet Foreign Ministry in Vienna.
 - (3) Director of Legal Department, Chief Directorate, Soviet Property Abroad.
 - (4) Director of Second Department, Chief Directorate, Soviet Property Abroad.
 - (5) Chief of USIA.
 - h. Compiling of semiannual reports of legal work conducted within the section. One copy of this report was forwarded to the Chief of USIA and another to the Director of the Second Department, GUSIMZ.
10. Accounting Office: The head of this office was Petr Mikhaylovich SHPAK. There were two chief accountants: Anatoliy Aleksandrovich SADOVNIKOV and Boris GOLUBEV; one bookkeeper-cashier, Mrs. KOVALENKO; and one economist, Tamara Sergeyevna POGODINA. There were several Austrian accountants and bookkeepers: VAL'CHAK (a very knowledgeable and valuable member of the TsKK Accounting Office); NEUPERK; and some others. The office was responsible for normal accounting functions of any accounting office. However, since there was no Financial Section and no Planning Section with TsKK, the Accounting Office was also charged with these functions. In addition to all this, the Accounting Office was responsible for maintaining of running accounts (kontokorrent) for all transactions of TsKK with Hungary and Czechoslovakia. Similar accounts for the transactions of TsKK with other Satellite countries were maintained by the USSR Army Bank, No. 2111 (Voyenny Bank Soyuza SSR No 2111) located at 1 Trattnerhof, Vienna I. The reason for the exceptional policy towards Hungary and Czechoslovakia is not known.

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11. Transportation Section: The chief of this section was Velor KUZOVENKO, a 1951 graduate of the Foreign Trade Institute in Moscow who joined TsKK at the end of 1953, coming from some USIG agency in Leipzig. An Austrian national, a lawyer by the name of Dr. GEORGIYEVSKIY; another Austrian national, Mrs. KALISHIER, member of the Austrian Communist Party and president of the TsKK Austrian Employees' Association; and still another Austrian national by the name of SHIPIK, worked with this section. The Transportation Section had the following functions:

a. Clearance of freight coming to the Soviet economic enterprises in Austria from foreign countries. As soon as foreign goods for Soviet economic enterprises in Austria reached Austrian territory (always Vienna), the Austrian railway authorities informed the Austrian Customs Office and the Soviet Agency, Juschweschtrans (YVT), in Vienna. The YVT, in turn, notified the Transportation Section of TsKK and the enterprise to which the freight was destined. When the notice was received at the Transportation Section, special forms (spravka) giving information as to the type of freight, quantity, and name of the forwarding agency were completed by KUZOVENKO personally. When blank forms were received in the Transportation Section, they were logged, registered, numbered and accepted upon signed receipt; each form had to be accounted for. Completed forms were then taken by KUZOVENKO personally to the Economic Section, Soviet Element, Allied Control Commission, (Ekonomicheskii otel Sovetskoy chasti soyuznicheskoy komissii po Avstrii-SChSK) located in the Hotel Imperial, Opernring, Vienna I. Here the forms were carefully checked and scrutinized and, provided it was established that the freight was really needed by Soviet economic enterprises in Austria, they were visaed and stamped with the clearing stamp of the Economic Section. Then at the Transportation Section of TsKK, the clearances (visaed and stamped forms) were taken by GEORGIYEVSKIY to Juschweschtrans which acted as expeditor and forwarded these clearances to the Austrian Customs Office in Vienna. At the same time, the Transportation Section of TsKK prepared and sent Juschweschtrans the forwarding orders (transportnoye porucheniye) specifying in detail the names and locations of consignees to whom the freight was to be delivered. The YVT either forwarded these orders to the Austrian Railway Administration or, if it were more convenient, arranged for the transportation of the freight by their own trucking companies. As long as freight was destined for USIA enterprises there was no difficulty in obtaining freight clearance from the Economic Section of the Soviet Element, Allied Control Commission. However quite often, either for the purpose of speculation or in order to facilitate the fulfillment of profit plans (Plan Pribyley), some of the Sale and Supply Sections of various USIA A/O's and some of the ORT's tried to import foreign goods to Austria, especially Western-manufactured goods. The Economic Section checked such goods more carefully and if there was evidence that it was imported for speculation purposes, the clearance would often be refused. This often happened with regard to the import of nylon stockings manufactured in the United States (imported through Switzerland), as well as with U.S.- manufactured vehicles. But even here, there was no firmly established policy and whether the clearance would be granted or not depended mainly on the personal relationship between the parties concerned and the momentary mood of Colonel NEVZOROV, Deputy Chief of the Economic Section, who had the right to grant or refuse the clearance at his own discretion.

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- b. Maintenance of a register of all goods imported by the Soviet economic enterprises in Austria. As an interesting detail, it should be mentioned that at the beginning of the 1953 Berlin Conference a directive was received from the Soviet Element, Allied Control Commission in Austria, to compile a list of all goods imported into Austria without duty since 1945. It was rumored that it was anticipated that during discussion of the Austrian problem at the Berlin Conference, a request would be made to compensate the Austrian government for the losses caused by Soviet duty-free imports and TsKK was supposed to have all data connected with the problem ready for the Soviet representatives at the conference. It is not known whether these data were ever put at the disposal of the Soviet delegation in Berlin or whether this problem was approached at all in Berlin.
12. War Booty Disposal Section: (Otdel po realizatsii trofeynogo imushchestva) Since 1952 the head of this section has been Anatoliy Vasil'yevich UL'YASHIN. Prior to 1952, UL'YASHIN was active in Germany in the harbor of Warnemuende on the dismantling of some floating bases (plovuchiye bazy) for submarines and salvaging some German submarines. An Austrian national by the name of Mrs. KOFLER worked in this section. The responsibilities of the section were as follows:
- a. Realization of remnants of war booty materials captured by the Soviet Army on Austrian territory. Everything that could be of any use in the Soviet Union was shipped there and this phase of the project was completed a long time ago. The rest was sold to various Austrian firms and the financial means acquired in this way were put at the disposal of the Finance Ministry. At the end of 1953 there were only 4,000,000 schillings worth of war booty material left in Austria, mostly goods with no market demand. During 1953 this section sold war booty materials for 2,000,000 schillings.
- b. Realization of non-administered former German property in Austria. (Germanskoye razrozhennoye imushchestvo) Quite a number of former German properties which did not belong to any complex enterprises and were not incorporated into such by the Soviets after the war still existed in the Soviet occupation zone. Such property, for instance family-type damaged houses, lots of scrap iron, construction materials, etc., was never registered with the Soviet administration. However, it was not at all exceptional that some Austrian nationals, interested in the acquisition of such abandoned property, established through the local Austrian magistrates that these were former German property. The prospective buyer then would approach the War Booty Disposal Section of TsKK and make an offer to buy the property. The price agreed upon, the contract would be drawn and the War Booty Disposal Section would relinquish its right to the property (of which it often had never heard before) to the buyer. Financial means realized in this way were also put at the disposal of the USSR Finance Ministry.
- c. Administration of USIA warehouses. One large warehouse of war booty materials was located in Enzersfeld approximately 25 - 30 km. east of Vienna. Another large warehouse, belonging to the firm "Eisen und Stahl, GmbH." (temporarily out of operation), located on the southwestern outskirts of Vienna and handed over to TsKK after the work in the plant was discontinued, was also managed by the War Booty Disposal Section. The third one, belonging also to TsKK and managed by this section, was located in Blumau on the southwestern outskirts of Vienna.

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d. The operation of TsKK's motor pool consisting of seven sedans and one truck. The motor pool was located at Ferkongasse in Vienna.

e. Administrative and housekeeping functions on behalf of TsKK.

13. Personnel Section: The head of this section was an Austrian national, SAXINGER. His assistant was an Austrian woman whose name is not known. The section was responsible for handling Austrian personnel only. Personnel problems of Soviet employees of TsKK were taken care of by the Personnel Section of A/O Cement, whose chief was NIKISHIN. The Soviet employees of USIA were always appointed by GUSIMZ in Moscow. Although, according to the rule, the European tour of duty for employees of the Foreign Trade Ministry was limited to two years (four years in overseas posts), this rule was not applicable to USIA, some of whose employees had been with USIA since 1946. In mid-1953 there were some rumors that the tour of duty for GUSIMZ employees in Austria would be extended to four years. [] not know the criteria for the hiring of Austrian employees. except that the Personnel Section collaborated closely with the Austrian Communist Party and its regional committees in this regard. Almost all Austrian employees of TsKK were members of the Communist Party. The total number of TsKK Austrian employees was approximately 30. Their salaries were normally 10% higher than the equivalent salaries on the Austrian economy. The outstanding Austrian employees of TsKK, such as VANEK (East German Foreign Trade Group), VAL'CHAK (Accounting Office), and Dr. TALLER (SHORNIKOV's Group) received, in addition to their salaries, monthly bonuses up to 1,500 schillings from Soviet funds.

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14. SHORNIKOV's Group: This section was organized within TsKK in mid-1953 for the purpose of organization of USIA's trade on internal Austrian markets and in the Western countries. Vassiliy Ivanovich SHORNIKOV was appointed head of this section. Probably SHORNIKOV has been active in Vienna since 1952. Until mid-1953 SHORNIKOV's activities were apparently in no way associated with USIA. SHORNIKOV's deputy in this section was a Soviet citizen by the name of SHMELEV. Dr. TALLER, an Austrian national, was also on duty with this section. [] at the end of January or beginning of February 1954, SHORNIKOV concluded a contract with a Linz (US Zone, Austria) firm for delivery of fertilizer which he, with complete disregard to the export embargo of fertilizer of the Austrian government, eventually resold to Hungary for a profit of 200,000 schillings. [] visased this contract and [] no doubt that the contract was genuine. There were several other contracts concluded by SHORNIKOV, one of which was the famous "Hungarian sugar affair" in which sugar valued at 70,000,000 schillings was imported from Hungary to Austria, allegedly for the Soviet occupation forces. This sugar was taken to the Austrian sugar plant in Bruck, repackaged in Bruck Plant sacks and resold on the internal Austrian market for an enormous profit. SHORNIKOV's assistant, TALLER, was one of the main figures in this affair in which the Austrian government was robbed of several million schillings import duty. It may be that SHORNIKOV's section concluded other such deals with Austrian and Western firms on a cash basis [] since contracts or agreements for such cash transactions were never drawn up and consequently never reached [] desk.

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15. Not only TsKK but also individual enterprises of USIA had the right to conduct trade among themselves, with Austrian-owned enterprises in Austria, and even with foreign countries, both Communist and Western. The established ceilings of such trade were:
- a. Up to 1,000,000 schillings on authorization of the enterprise head.
 - b. From 1,000,000 to 3,000,000 schillings on the authorization of the general director of the respective A/O.
 - c. From 3,000,000 to 10,000,000 schillings upon authorization of USIA.
 - d. Over 10,000,000 schillings upon authorization of GUSIMZ.

NOTE: Regulations pertaining to sub-paragraph c. and d. were valid until mid-1953 when the ceilings were raised: from 3,000,000 to 25,000,000 schillings upon authorization of USIA and over 25,000,000 schillings upon authorization of GUSIMZ. TsKK had the right to carry out business transactions up to 25,000,000 schillings. Over the amount of 25,000,000 schillings it was necessary to obtain authorization of GUSIMZ.

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Annex A: Central Commercial Bureau (TsKK) Organizational Chart

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